

AR79

file



THE **EQUITABLE LIFE** INSURANCE COMPANY
OF CANADA

Annual Report 1967

DIRECTORS

M. J. SMITH*

Honorary Chairman

H. E. POWER,* F.C.I.S.

Chairman of the Board and President

W. J. McGIBBON,* Q.C.

1st Vice-President

C. N. WEBER*

2nd Vice-President

H. D. GREB

J. E. MOTZ

J. G. HAGEY, LL.D.

J. M. RIDDELL, Q.C.

P. R. HILBORN

J. W. SCOTT*

H. S. MORTON, O.B.E., F.R.C.S.

W. H. TIMMIS

** Member of the Executive Committee*

OFFICERS

T. R. SUTTIE, F.I.A., F.C.I.A.

Executive Vice-President

G. R. BLAKE, F.L.M.I.

Vice-President and Treasurer

D. L. MACLEOD

Vice-President and Director of Agencies

H. I. MCINTOSH, F.S.A., F.C.I.A.

Vice-President and Actuary

R. A. SAUNDERS, F.S.A., F.C.I.A.

Vice-President and Comptroller

W. H. WAHL, F.C.I.S., F.L.M.I.

Vice-President and Secretary

L. J. HAMEL, F.L.M.I.

Mortgage Secretary

R. A. HOOPER

Assistant Superintendent of Agencies (Group)

D. M. LILLYCROP, C.L.U.

Superintendent of Agencies

R. NOBLE, A.A.C.I.

Assistant Treasurer (Mortgages)

N. W. PARKER

Assistant Secretary

W. H. PUGH, F.L.M.I.

Assistant Secretary

D. C. RAMSAY, F.L.M.I.

Assistant Comptroller

H. J. ROSE

Superintendent of Agencies

D. G. SEEBACH, F.L.M.I.

Superintendent of Agencies

McGIBBON, HARPER & HANEY

Solicitors

P. G. SCHWAGER, M.D.

Medical Director

DIRECTORS' REPORT

TO THE POLICYOWNERS OF THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA

The year's results reflect further marked progress in the sound growth of the Company.

NEW POLICYOWNERS—During the year 8,279 new policyowners and certificate holders joined those already associated with the Company, bringing the total to 87,912 and increasing the business in force to \$936,043,158, a gain of \$159,403,369 in the year.

PAYMENTS TO POLICYOWNERS—A total of \$5,986,369 was paid to policyowners and beneficiaries. This included policy dividends of \$859,837.

PROTECTION FOR POLICYOWNERS—Policy reserves were increased by \$3,500,996 in the year to bring the total to \$51,600,727. In addition the investment reserve was increased to \$1,600,000 and the surplus to \$3,413,338. The increase in these two items was \$578,353.

REVENUE—This totalled \$12,582,402, an increase in the year of \$1,134,495. The net rate of interest earned was 6.18% as compared to 6.00% in 1966.

ASSETS—These now amount to \$64,013,339, an increase of \$4,348,038 in the year.

INVESTMENT RESERVE—The Company has maintained consistently an Investment Reserve, quite apart from its surplus funds, as a protection against unusual fluctuation in asset values. The wisdom of this practice became very apparent in 1967 when bond yields rose to an unprecedented level. This rapid rise in current interest rates, which will in the end benefit participating policyowners, had the immediate consequence of a reduction in the current market value of bonds purchased by the Company when interest rates were lower, despite the fact that the income from such bonds and their maturity values are not affected in any way.

As a result of this reduction, the book values of bonds and stocks as shown in the assets exceeded the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$725,000. This difference, which does not take advantage of the averaging formula permitted by the Act, is amply covered by the Investment Reserve of \$1,600,000. The Company will continue to add to this reserve to match the growth in assets.

STAFF—The Directors again wish to record their sincere appreciation of the efforts of the Head Office and Field staffs. The continued progress of the Company is a reflection of the effective contribution made by each individual.

As at the end of 1967 Mr. H. E. Power retired from active management and was succeeded by Mr. T. R. Suttie as Executive Vice-President.

During the year Mr. R. A. Saunders and Mr. W. H. Wahl, Comptroller and Secretary respectively, were named Vice-Presidents and, on the appointment of Mr. Suttie, Mr. H. I. McIntosh, Associate Actuary, was appointed Vice-President and Actuary. Also, Messrs. D. M. Lillycrop, H. J. Rose and D. G. Seebach, were promoted to the positions of Superintendent of Agencies.

All of these men have spent many years in the service of the Company.

On behalf of the Board

M. J. SMITH, *Chairman of the Board*

H. E. POWER, *President*

OUR PROGRESS AT A GLANCE

	1967	1966	1957
New Business —			
Life and Annuity	\$ 51,090,086	\$ 49,907,461	\$ 23,908,623
Business in Force —			
Life and Annuity	936,043,158	776,639,789	155,577,572
Income	12,582,402	11,447,907	4,837,632
Assets	64,013,339	59,665,301	33,967,579
Benefit Payments	5,986,369	5,218,230	2,209,011
Investment Reserve and Unassigned Surplus	5,013,338	4,434,985	2,760,395
Net Earned Interest Rate . . .	6.18%	6.00%	4.84%
Dividends to Policyowners . . .	859,837	781,231	308,846

*The Equitable Life of Canada is a mutual company
owned entirely by its participating policyowners.*

AUDITORS' REPORT TO THE POLICYOWNERS

We have examined the statement of assets, liabilities and surplus of the Equitable Life Insurance Company of Canada as at December 31, 1967, and the summary of operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the policy reserves were determined and certified by the Company's actuary.

Based on our examination and the certificate of the Company's actuary, we report that, in our opinion, the accompanying statement of assets, liabilities and surplus and the related summary of operations present fairly the financial position of the Company as at December 31, 1967, and the results of its operations for the year ended on that date.

Waterloo, Ontario
January 23rd, 1968.

CLARKSON, GORDON & CO.,
Chartered Accountants

ACTUARY'S CERTIFICATE

The Policy Reserves of \$51,600,727 shown in the statement of assets, liabilities and surplus at December 31, 1967, are in excess of the reserves required by Section 82 of the Canadian and British Insurance Companies Act, and, in my opinion, make a good and sufficient provision for all unmatured obligations of the Company guaranteed under the terms of its policies.

H. I. MCINTOSH, F.S.A., F.C.I.A.,
Vice-President and Actuary

January 23rd, 1968.

SUMMARY OF OPERATIONS

FOR YEAR ENDED DECEMBER 31

1967

1966

FOR COMPARISON

THE SOURCES OF INCOME WERE:

Premiums:

Insurance	\$ 7,144,492	\$ 6,441,029
Annuity	1,087,396	1,133,999
Health	727,458	612,636
	<u>\$ 8,959,346</u>	<u>\$ 8,187,664</u>

Earnings from investments after investment expenses

3,623,056	3,260,243
<u>\$12,582,402</u>	<u>\$11,447,907</u>

THIS INCOME WAS USED FOR:

Payments to policyowners and beneficiaries:

Death benefits	\$ 1,912,861	\$ 1,585,287
Disability benefits	7,880	9,614
Matured endowments and cash values . . .	1,926,928	1,657,722
Annuity and settlement option payments . .	518,323	485,418
Interest on policyowners' funds	233,082	195,753
Health Insurance benefits	527,558	503,205

Additions to policy reserves to provide for future payments

3,500,996	3,312,783
-----------	-----------

Operating expenses:

Compensation for sales and field service to policyowners	952,621	924,612
Service to policyowners at Head Office and branches	1,140,383	1,073,132
Premium and other taxes	161,419	147,500
	<u>\$10,882,051</u>	<u>\$ 9,895,026</u>

Adjustment in asset values (net)

177,161	142,254
---------	---------

Dividends to policyowners in year

859,837	781,231
---------	---------

Increase in provision for next year's dividends to policyowners

85,000	75,000
--------	--------

Increase in Investment Reserve

200,000	200,000
---------	---------

Increase in Unassigned Surplus

378,353	354,396
<u>\$12,582,402</u>	<u>\$11,447,907</u>

STATEMENT OF - ASSETS

THE COMPANY HAS THESE ASSETS TO MEET ITS
OBLIGATIONS TO POLICYOWNERS:

AT DECEMBER 31

1967

1966

FOR COMPARISON

BONDS	\$19,632,302	\$18,318,342
STOCKS	848,731	667,471
MORTGAGES AND SALE AGREEMENTS . .	39,133,187	36,736,372
REAL ESTATE	155,977	153,796
Head Office property and land held for future Head Office		
LOANS TO POLICYOWNERS	2,920,837	2,597,080
Fully secured by the cash value of policies of this Company		
CASH ON HAND AND IN BANKS . . .	146,595	149,119
PREMIUMS IN COURSE OF COLLECTION .	259,578	231,105
Fully secured by policy reserves		
INTEREST ACCRUED	546,157	482,351
Interest from last payment date to December 31 with no credit being taken for interest due and unpaid		
ELECTRONIC DATA PROCESSING EQUIPMENT	204,777	228,313
This equipment is valued at cost less amortization		
SEGREGATED INVESTMENT FUND . . .	151,920	74,338
Market value of the investments held in the fund		
OTHER ASSETS	13,278	27,014
Includes payments made to policyowners but not allocated at year end		

Bonds and stocks are shown at amortized cost and cost respectively, less certain write-downs, but, in the aggregate, exceed the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$725,000 (not taking advantage of the averaging formula permitted by Section 71(4) of the Act), against which the company carries an investment reserve of \$1,600,000.

\$64,013,339

\$59,665,301

M. J. SMITH, *Chairman of the Board*

- LIABILITIES AND SURPLUS

THE OBLIGATIONS OF THE COMPANY ARE:	AT DECEMBER 31	
	1967	1966 FOR COMPARISON
POLICY RESERVES This amount, with future premiums and interest earnings, provides for the payment of the benefits guaranteed by the Company's policies	\$51,600,727	\$48,099,731
POLICYOWNERS' FUNDS Policy proceeds left on deposit, dividends left to accumulate, policy benefits in process of payment, premiums received in advance and other policy-owners' funds	5,119,204	4,653,933
POLICYOWNERS' DIVIDENDS Provision for dividends payable in 1968	995,000	910,000
RESERVE FOR UNREPORTED CLAIMS . . . An estimate of claims which may have occurred but have not yet been reported to the Company	225,268	233,188
TAXES AND EXPENSES DUE AND ACCRUED The largest item is premium tax, payable in 1968, on 1967 premiums	98,756	84,079
SHORT TERM BORROWINGS To take advantage of investment opportunities	155,078	435,191
SEGREGATED INVESTMENT FUND . . . Contracts under which the benefits are determined by the market value of the securities, the obligation therefore being equal to the market value as carried in the assets	151,920	74,338
OTHER LIABILITIES Includes mortgagors' tax prepayments, contractual payments on EDP equipment due in future years, amounts received but not yet allocated, exchange reserve	654,048	739,856
Total obligations	<u>\$59,000,001</u>	<u>\$55,230,316</u>
INVESTMENT RESERVE Protection against fluctuation in the value of the assets	1,600,000	1,400,000
UNASSIGNED SURPLUS This provides additional security for policyowners and their beneficiaries and additional earning power for policyowners' dividends in future years	3,413,338	3,034,985
	<u>\$64,013,339</u>	<u>\$59,665,301</u>

H. E. POWER, *President*

BRANCH OFFICES

<i>Branch</i>	<i>Manager</i>	<i>Branch</i>	<i>Manager</i>
CALGARY	J. J. C. DICEY, C.L.U.	SARNIA	D. M. CHARLTON <i>Supervisor</i>
EDMONTON	F. A. CRICK, C.L.U.	SASKATOON	W. H. ARSCOTT, C.L.U. <i>Representative</i>
GUELPH	J. R. FARNWORTH	TORONTO	Yorkdale Shopping Centre C. WHALLEY 2489 Bloor W. F. J. OLSEN 55 Eglinton E. B. P. GREAVES 1250 S. Service Rd., Port Credit M. E. GREGORY
HAMILTON	M. E. WRIGHT, C.L.U.	VANCOUVER	779 Broadway H. E. LALONDE 1033 Davie St. A. R. WATERMAN, C.L.U. <i>District Manager</i>
KINGSTON	C. J. DOYLE, C.L.U. <i>Representative</i>	VICTORIA	E. A. FORDHAM
KITCHENER	D. S. W. OGILVIE, C.L.U.	WATERLOO	E. F. GOMAN, C.L.U.
LONDON	W. J. ANDERSON	WINDSOR	T. E. MONTGOMERY
MONTREAL	4920 Maisonneuve S. P. WINTON 4920 Maisonneuve W. FRAGER	WINNIPEG	D. G. TAYLOR, C.L.U.
OSHAWA	M. G. SOWTEN, C.L.U.		
OTTAWA	L. W. BUTLER, C.L.U.		
REGINA	D. L. STEVENSON		
ST. CATHARINES	P. W. ENGS, C.L.U.		

MORTGAGE LOAN OFFICES

HAMILTON	R. NOBLE, A.A.C.I. <i>Manager</i>	TORONTO	W. KOMPA, S.R.A. <i>Representative</i>
LONDON	A. E. ELMSLIE <i>Manager</i>	WATERLOO	R. NOBLE, A.A.C.I. <i>Manager</i>
OTTAWA	R. W. HILL <i>Manager</i>		

THE **EQUITABLE LIFE** INSURANCE COMPANY
OF CANADA

HEAD OFFICE - WATERLOO, ONTARIO